

# Washington State Auditor's Office

## Accountability Audit Report

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# Central Puget Sound Regional Transit Authority (Sound Transit) King, Pierce and Snohomish Counties

Audit Period  
January 1, 2001 through December 31, 2001

Report No. 64704

Issue Date  
**April 18, 2003**



Washington  
***State Auditor***  
Brian Sonntag

# Audit Summary

## **Central Puget Sound Regional Transit Authority King, Pierce and Snohomish Counties January 1, 2001 through December 31, 2001**

### ***ABOUT THE AUDIT***

This report contains the results of our independent audit of the Central Puget Sound Regional Transit Authority for the period January 1, 2001, through December 31, 2001.

Consistent with our authority, we audited a number of areas to determine whether Sound Transit operated in compliance with state and local laws and regulations. We also evaluated Sound Transit's accountability for public resources. Our work focused on specific areas that have potential for abuse or misuse of public resources.

### ***RESULTS***

Sound Transit complied with state laws and regulations and its own policies and procedures in the areas examined. We noted certain matters that we have communicated to management.

### ***RELATED REPORTS***

Sound Transit contracted to have its financial statements audited by a private certified public accounting firm. The financial statements and audit report prepared by that firm are available from Sound Transit upon request.

### ***CLOSING REMARKS***

In the areas examined, we found Sound Transit complied with state laws and regulations and its own policies and procedures.

We thank Sound Transit officials and personnel for their assistance and cooperation during the audit.

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# **Description of the Authority**

## **Central Puget Sound Regional Transit Authority King, Pierce and Snohomish Counties January 1, 2001 through December 31, 2001**

### ***ABOUT SOUND TRANSIT***

In 1992, the Washington State Legislature authorized King, Pierce and Snohomish counties to create a single agency to plan, build and operate a high-capacity transit system within the region's most heavily used travel corridors. During 1993, the Central Puget Sound Regional Transit Authority was established under the name Sound Transit.

In 1996, Sound Transit proposed and the voters adopted a ballot measure that created the 10-year regional transit system plan. This plan included two new rail systems (electric light-rail and commuter rail), regional express bus routes and a high-occupancy-vehicle expressway.

In 1999, Sound Transit began its transition from a planning to an operational agency by the establishment of regional bus routes linking Pierce and King counties. In addition, locomotives and passenger rail cars were purchased for the heavy rail system, and sites were secured for rail station locations and Sound Transit's administrative offices.

Sound Transit is supported primarily through sales taxes, state motor vehicle taxes, rental car taxes, passenger fares, bond proceeds, and grant funding from federal and state agencies. Sound Transit has proposed a 2003 budget of approximately \$701 million, which includes approximately \$581 million in capital outlay. Sound Transit has more than 263 full-time employees.

Sound Transit is governed by an 18-member Board, appointed by the executives of member counties and confirmed by the council of each member county. Membership is based on the population from that portion of each county within Sound Transit's service area.

### ***AUDIT HISTORY***

We have audited Sound Transit annually since 1995. Management has been very responsive to prior audit recommendations. Audit concerns are often discussed, addressed and resolved before completion of our audit. Sound Transit has had no findings over the last five years.

## ***ELECTED OFFICIALS***

These officials served during the audit period:

### **Board Members:**

Chair

Vice Chair

Vice Chair

David Earling, City of Edmonds Council Member  
David Enslow, Pierce County Council Member  
Greg Nickels, King County Council Member  
Robert Drewel, Snohomish County Executive  
Ann Davis, City of Lakewood Council Member  
Mary Gates, City of Federal Way Council Member  
Jane Hague, King County Council Member  
Edward Hansen, City of Everett Mayor  
Richard McIver, City of Seattle Council Member  
Robert McKenna, King County Council Member  
Douglas MacDonald, Washington State  
Department of Transportation Secretary  
Paul Schell, City of Seattle Mayor  
Ron Sims, King County Executive  
Cynthia Sullivan, King County Council Member  
James White, City of Kent Mayor  
Jack Crawford, City of Kenmore Council Member  
Kevin Phelps, City of Tacoma Council Member  
John Ladenburg, Pierce County Executive

## ***APPOINTED OFFICIALS***

Executive Director

Deputy Executive Director

Finance and Administration Director

Joni Earl (effective February 2001)  
Bob White (through February 2001)  
Vernon Stoner (effective April 23, 2001)  
Paul Matsuoka (through April 22, 2001)  
Hugh Simpson

## ***ADDRESS***

Sound Transit

401 South Jackson Street  
Seattle, WA 98104  
(206) 398-5000  
[www.soundtransit.org](http://www.soundtransit.org)

# **Audit Areas Examined**

## **Central Puget Sound Regional Transit Authority King, Pierce and Snohomish Counties January 1, 2001 through December 31, 2001**

In keeping with general auditing practices, we do not examine every portion of Central Puget Sound Regional Transit Authority's financial activities during each audit. The areas examined were those representing the highest risk of noncompliance, misappropriation or misuse. Other areas are audited on a rotating basis over the course of several years. The following areas of Sound Transit were examined during this audit period:

### ***ACCOUNTABILITY FOR PUBLIC RESOURCES***

We evaluated Sound Transit's accountability in the following areas:

- Cash receipting
- Accounts receivable
- Payroll
- Travel
- Purchase of goods and services

### ***LEGAL COMPLIANCE***

We audited the following areas for compliance with certain applicable state and local laws and regulations:

- Conflict of interest
- Sub area equity (amounts received from each of the five sub areas are expended in projects in that sub area)
- Open Public Meetings Act
- Allowable expenditures
- Insurance and bonding coverage
- Public works projects, including change orders and competitive bid law compliance
- Inter-local agreements
- Bond covenants
- Debt limitation